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FM AMCONSUL JERUSALEM  
TO RUEHC/SECSTATE WASHDC PRIORITY 4929  
INFO RUEHKK/ARAB ISRAELI COLLECTIVE PRIORITY  
RUEKJCS/JOINT STAFF WASHDC PRIORITY  
RHEHNSC/WHITE HOUSE NSC PRIORITY

C O N F I D E N T I A L JERUSALEM 000859

SIPDIS

NEA FOR FRONT OFFICE AND IPA; NSC FOR SHAPIRO/KUMAR; JOINT  
STAFF FOR LTGEN SELVA

E.O. 12958: DECL: 05/28/2019  
TAGS: [PREL](#) [PGOV](#) [PHUM](#) [IS](#) [KWBG](#)  
SUBJECT: EAST JERUSALEM SETTLEMENT "NOF ZION" ON THE  
AUCTION BLOCK

REF: 08 JERUSALEM 1905

Classified By: Acting Principal Officer Greg Marchese, per reasons 1.4  
(b) and (d)

[11.](#) (C) Summary. Residential units in the Nof Zion settlement in the Jabal Mukabbir neighborhood of East Jerusalem are not selling and the builder is in serious financial difficulty. According to the developer, prospective buyers of the high-end apartments were "uncomfortable" with Nof Zion's location in a Palestinian neighborhood. Fifty completed units and the rights to build 284 additional units are up for sale. Poloff visited the site on May 28 and saw few signs of occupants. End summary.

East Jerusalem Settlement in Trouble:  
Looking for an International Buyer  
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[12.](#) (C) Jerusalem lawyer Danny Seidemann told Poloff on May 13 that a tender for the sale of 50 completed housing units and the rights to build an additional 284 housing units at Nof Zion settlement in the Jabal Mukabbir neighborhood of East Jerusalem was published in the London Financial Times in April. Seidemann said the builder was in "dire financial straits," owing USD 50 million to creditors, because the units were not selling. Seidemann said the builder's board of directors describes Nof Zion as "a millstone around the company's neck," and he opined that Nof Zion's failure proves that settlement schemes are economically unviable without massive GOI support and "messianic settler ideology."

[13.](#) (C) Seidemann claimed the situation has "great press potential," but he also expressed fear that public attention would force wealthy settlers or the GOI to "save" the failed settlement. Seidemann said he met privately with Jordanian officials to suggest that an investor "in the Arab world" buy the properties.

Settlement Developer: "The Bank Took Nof Zion"  
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[14.](#) (C) Hanoch Kas, CEO of Nofei Israel, the developer of Nof Zion, told Poloff on May 20 that the builder of Nof Zion "went under" because it was too difficult to sell "luxurious," high-end apartments in Jabal Mukabbir. Kas said there was no problem with permits, but many prospective buyers (mostly immigrants from the U.S.) said they would be "uncomfortable" living in a Palestinian neighborhood. Kas claimed that Nofei Israel, unlike the builder, "didn't lose too much money" on its investment. He said "the bank" advertised the property in the Financial Times hoping to appeal to international buyers.

No Movement on the Ground Observed

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15. (C) Jabal Mukabbir resident Mahmoud Hamdan told Poloff on May 28 that he has observed no movement on the ground recently at Nof Zion settlement, which appears empty, and he was not aware that the development is being sold. (Note: Kas said only "40 to 50" settlers had moved into the settlement out of the 100 apartments sold in the two finished buildings. He did not know if the remaining 50 to 60 buyers would still move in. End note.) Poloff visited the site on May 28 and saw nothing to contradict Hamdan's claim of limited occupancy.

MARCHESE